

Environmental Finance Center Network

EXECUTIVE SUMMARY

This Executive Summary of the annual report that follows highlights the major accomplishments of the Environmental Finance Center (EFC) Network through 2002. The Network is a university-based technical assistance program offering educational resources and financial outreach services to communities and local governments and the small business community on the how to pay issues of compliance with environmental standards.

To date, the EFC Network comprises nine centers located in Federal Regions at the following universities: University of Southern Maine (Region 1), Syracuse University (Region 2), University of Maryland (Region 3), University of North Carolina at Chapel Hill (Region 4), University of Louisville (Region 4), Cleveland State University (Region 5), New Mexico Institute of Mining and Technology (Region 6), California State University at Hayward (Region 9), and Boise State University (Region 10). The EFCs operates as a national association to foster greater collaboration, enhance project opportunities, and encourage partnerships; as well as to clarify the role of the Environmental Finance Centers as a collaborative network.

Situated in the Office of the Chief Financial Officer, the Office of the Comptroller's Environmental Finance Program worked with the EFC Network to set priorities and coordinate and plan activities. The Network provides financial outreach services that focus on identifying ways of building the state and local financial capacity necessary to carry out environmental programs and help create sustainable environmental systems in the public and private sectors as well as increasing private sector investment in environmental systems.

Each year since 1995 the Network has produced an annual report that documents the activities and the results achieved by the EFCs. These annual reports are available via the Office of the Chief Financial Officer's web site at <http://www.epa.gov/ocfo/index.htm> or directly on the Environmental Finance Program's website at <http://www.epa.gov/efinpage/efc.htm>. This information has become a highly effective means of communicating all aspects of the how to pay issues confronting the regulated community.



New England Environmental Finance Center at the University of Southern Maine - Region 1

Executive Summary

The focus of the New England EFC (NE/EFC) at the University of Southern Maine is primarily on land use issues. In 2002, the New England Environmental Finance Center (NE/EFC) organized roundtable discussions to identify obstacles to innovations in conservation and development, developed a taxation inventory, produced a tax incentives analysis, helped write model state land use legislation, studied initiatives to encourage high-risk loan funding, designed an upper-level college and graduate-level teaching module on ecology and land use planning, and developed a white paper on partnership in strategic land conservation. Several major accomplishments are highlighted:

The NE/EFC organized six Roundtable discussions to identify obstacles to innovations in conservation and development projects in New England and specific tasks that might address these obstacles. There are numerous instances where needed development, smart land use design, and land conservation and environmental protection are combined and supported by

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what would otherwise be contending interests. *The paradox of the environmental financing of such improvements is that it is development pressure, itself, which creates the opportunity to leverage landscape conservation*, but only if different interests can work together through negotiation and mutual support for creative permitting-rather than fighting each other in the face of those pressures. The report from the series could also be useful for individuals, organizations, or government bodies attempting to understand and address sprawl. For a copy of the report, go to:
<http://efc.muskie.usm.maine.edu/docs/RoundtableReport.pdf>

The NE/EFC conducted an inventory of State programs that use taxation to influence growth patterns. This effort may subsequently be expanded into an evaluation of relative success of each taxation system in directing growth patterns, and a set of recommendations about the most successful mechanisms and system characteristics. For a copy of the survey of tax incentives, please go to:
<http://efc.muskie.usm.maine.edu/docs/TaxInventory.pdf>

The NE/EFC completed the majority of an omnibus package of model state land use control legislation. Though tailored to Maine law, the language and components are generic enough that they may be used in any New England State or elsewhere. For a copy of the Model State Land Use Legislation, please go to: <http://efc.muskie.usm.maine.edu/docs/EFCModelLegislation.pdf>.



Syracuse University Environmental Finance Center - Region 2

Executive Summary

A key activity of the EFC in 2002 was the growth of the *Public Management and Finance Program* (PMFP) as a means for municipal professionals and leaders from EPA Region 2 communities to learn, explore, discuss and debate the principles of public finance as it pertains to environmental improvements. Through the PMFP, the EFC was able to create technical assistance partnerships, develop stakeholder outreach and education models, and, using its multimedia expertise, design and deliver interactive, customized training that compliments other technical assistance provisions.

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Additional ongoing activities and projects include: collaborating with other technical assistance organizations to provide assistance to rural communities seeking to address environmental infrastructure development and improvement projects. For example, the EFC is working with a cluster of communities with common concerns for potential drinking water contamination. The EFC partnered with the Water Resource Institute (WRI) to form the Environmental Community Assistance Consortium. This team has worked with stakeholders in the communities to address potential contamination issues and help establish a Source Water Protection Council. In 2002 the team provided assistance to the Council to identify solutions to avoid contamination, develop a Source Water Protection Plan, and assist the Council in plan implementation.

Another ongoing activity is having the EFC serve as a content provider to government and non-profit organizations that provide assistance and conduct workshops for municipal decision-makers. The EFC conducts quarterly partnership meetings specifically relating to water and wastewater issues at which representatives of the organizations exchange information about community projects and discuss prospective collaborative opportunities. These exchanges have been remarkably useful in strengthening and sharing expertise on a continual basis. Just as importantly, the EFC continues to respond to requests from communities for assistance ranging from how to finance major water system repairs and how to develop capital budgets for environmental improvements to conducting focus groups to elicit public input or assess public awareness and support of environmental projects. For instance, the EFC continued its work with communities attempting to create equitable user rates as they pursued water and wastewater system improvements. As opposed to providing training events, the EFC developed a more customized system of delivering training and assistance to communities.



University of Maryland Environmental Finance Center - Region 3

Executive Summary

The Environmental Finance Center at the University of Maryland, located at the Maryland Sea Grant Program, draws from a wide range of expertise including scientists, planners, engineers, citizen advocates, business professional and local government representatives. The EFC uses such tools as charrettes and roundtable discussions, workshops and conference sessions, one-on-one consultation and technical assistance, facilitation and community outreach, and training and education. During the year 2002, the EFC engaged in a number of new and ongoing initiatives in areas such as watershed protection through the development of financial plans to implement watershed action strategies, source water protection, and sound financial management through affordable and equitable utility rate systems and capital improvements planning.

Among major accomplishments is the EFC's work in developing watershed financing strategies. Watershed Restoration Action Strategies (WRAS), developed by the State of Maryland, were developed on a tributary basin level to focus on watershed restoration and protection activities. These strategies are designed to restore and protect selected priority waters within the Chesapeake Bay and coastal bays watersheds. A key question remains: how to pay for the actions recommended in each WRAS? To that end, the Maryland Department of Natural Resources (DNR) approached the Maryland EFC about conducting a series of workshops on financing watershed restoration action strategies. The EFC's *Financing Watershed Strategies* workshop was customized to respond to the needs of each individual WRAS to assist local jurisdictions in developing an individualized financing plan.

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In coordination with USEPA's Office of Ground Water and Drinking Water, the Maryland EFC is working in two communities—Frederick County, Maryland, and Berkeley County, West Virginia—to assist them in developing drinking source water protection plans. Using GIS capabilities, the Maryland EFC helped develop relevant mapping products and began the process of producing the necessary maps to identify protection and land use issues within the source water area.

The EFC provides utility rate design workshops, financial management and Capital Improvements Planning training to elected officials, utility operators, engineers and others interested in the concepts and technicalities of properly and sustainably managed utility systems. A version of the EFC Capital Improvements Planning training session has been chosen by the Maryland Academy for Excellence in Local Government as an elective in its two-year curriculum.



**University of North Carolina at Chapel Hill
Environmental Finance Center (efc@unc) - Region 4**

Executive Summary

In 2002, the North Carolina EFC (efc@unc) completed the first comprehensive source water planning effort in the state that brought together state regulators and local stakeholders to address the water quality threats to the Broad River Watershed, an important regional water source for North and South Carolina.

The efc@unc saw continued returns on its early investment in the area of land conservation. After completing *The Million Acres Report*, a well received financial assessment of land conservation efforts, the efc@unc was hired in 2002 to facilitate a series of high profile land conservation meetings across the state of North Carolina.

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The efc@unc continued a leveraging strategy of collaborating with other organizations and agencies on projects and trainings. Key partnerships that were strengthened in 2002 include the Florida and North Carolina American Water Works Association Chapters; the North Carolina Institute of Government; the North Carolina Rural Center, and other EFCS.

The efc@unc began working on several new solid waste management projects at the state and local level. The efc@unc began a pilot project to develop sustainable financing systems for local solid waste recycling programs. The efc@unc provided policy assistance related to a new initiative to design a state electronic waste cost recovery system.

Some of the “hot” technical assistance topics in 2002 included: institutional and financing systems for storm water utilities; consolidation of water utilities; brownfields liability; local government land use planning; contamination of groundwater; management of electronic waste; management of on-site wastewater systems; local government power to regulate wetlands and animal waste operations; and drought management measures.

Finally, the efc@unc continued to strengthen and expand its environmental finance training curriculum efforts by developing a distance education environmental finance course; working with state agencies on training capacity development; and designing and delivering numerous training presentations to state and local government elected officials, university students, and consultants.



University of Louisville Environmental Finance Center - Region 4

Executive Summary

The Environmental Finance Center (EFC) at the University of Louisville was established 1999 as a second Center in Region 4. Since then, the Louisville EFC has successfully implemented a wide range of projects and activities and built a solid record of accomplishments. Primary activities of the EFC in 2002 included: extending the EFC's technical assistance services relating to brownfields redevelopment; launching the series of Practice Guides for local officials and volunteer boards and citizen committee members; and providing brownfields experts for the annual EPA brownfields conference. Other activities included technical assistance and training to communities throughout Region 4, contributing to publications, and environmental finance presentations at both national and international conferences.

The Louisville EFC has moved from start-up efforts to producing more written products and an increased volume of presentations as it matured. In 2002, the Center achieved the stage of production of environment finance Practice Guides

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The Louisville EFC also launched new initiatives in 2002 that represent efforts to build on the foundation already laid. Among initiatives undertaken by the EFC in 2002 included planning for a number of new Practice Guides, which are intended to take advantage of information garnered in the course of the project efforts and other data collection during the year. These Practice Guides cover public strategies for brownfield redevelopment, listing practical methods for identifying brownfields, and providing information on the takings issue as it relates to smart growth.

The EFC also provided direct technical assistance services to clients in Region 4 and elsewhere, and contributed to training and technical assistance through a range of other publications and presentations. These dissemination products have drawn on information collected under EFC funding, and in most instances, also have drawn from or built on data gathered by EFC Center Staff and Associates. These publications span professional journals, trade press and academic outlets, since all influence policy discussions and can contribute to more effective and cost-efficient environmental finance practice.



Cleveland State University Great Lakes Environmental Finance Center - Region 5

Executive Summary

The Great Lakes Environmental Finance Center (GLEFC) provides services to public, private, and not-for-profit clients in five principal areas: Brownfields Technical Assistance, Finance and Policy Technical Assistance, Program Development and Evaluation, Brownfields Seminars/Workshops, and Finance and Policy Seminars/Workshops.

The Brownfields One-Stop-Shop (BOSS) Initiative is a partnership between the Federal Executive Board of Northern Ohio and the GLEFC, charged with facilitating intergovernmental collaboration for brownfield redevelopment in Ohio. Each BOSS Forum allows brownfield developers (public, private, not-for-profit) to present 3-5 brownfield redevelopment project concepts to the Forum body for their review, comments and participation.

... the GLEFC is a partner in the Ohio Brownfield Finance Partnership. . .to discuss the opportunities in the finance and redevelopment of brownfields.

As an example of finance and policy technical assistance, the GLEFC developed an analysis of the five-year Capital Improvement Needs of the City of Cleveland's Water Treatment Capacity for the newly-elected administration. The report served to guide the development of the new administration's capital budget.

As a part of their program development and evaluation expertise, the GLEFC has been engaged by the Ohio Department of Development and the Ohio Environmental Protection Agency to help develop a program structure and the grant disbursement decision rules for the Clean Ohio brownfield redevelopment grant program.

Among the Brownfields seminars/workshops in which the GLEFC participates, the GLEFC is a partner in the Ohio Brownfield Finance Partnership, a state-wide discussion group convened by the Ohio Water Development Authority between private developers, and bankers to discuss the opportunities in the finance and redevelopment of brownfields.

In addition, the GLEFC is involved in many finance and policy seminars and workshops. An excellent example is EPA Regions 1, 2, 3, and 5 Capacity Development Workshop, held in Chicago where the GLEFC facilitated a session on "*How to Promote Financial Capacity*" and "*How Do We Measure Improvement for Participants from States, EPA, Technical Assistance Providers, and others.*" The session addressed the requirements of GASB 34 and the impact the management of drinking water systems.



Environmental Finance Center - Region 6

Executive Summary

In late 2002, the Environmental Finance Center serving EPA Region 6 (NM EFC) became affiliated with the New Mexico Institute of Mining and Technology (New Mexico Tech). The EFC will maintain all of its current staff and activities and believes this change will open up additional opportunities for its clients and increase the overall support for the center.

The NM EFC's main focus is local capacity building for state, local, and tribal governments. Capacity building includes enhancing technical, managerial, and financial capabilities to achieve consistent and sustainable regulatory compliance and sustainable infrastructure.

Capacity building projects include: capacity development for Region 6 states, capacity development for Tribal water systems, assistance to NM SRF applicants, and the Public Management and Finance Program.

Some examples of its work with States in Region 6, the NM EFC provided assistance the State of Louisiana with a revision to its business plan requirement. This effort included conducting a stakeholder meeting. In Arkansas, the NM EFC assisted in the evaluation of contractors for capacity development assistance. In Texas, the NM EFC assisted the state in evaluating ways to implement SB 649 that requires managerial training for certain systems within the state. This effort involved coordination and facilitation of meetings with the Texas Water Development Board and the Texas Natural Resource Conservation Commission (now Texas Commission on Environmental Quality). Another important activity, the NM EFC continues to provide technical assistance services to tribal water systems. These services are tailored to meet the specific needs of each Tribe.

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In addition to capacity building, the NM EFC assists with innovative financing projects or projects that require a neutral party to facilitate or complete. Examples of this type of project include: the Clean Air Investment Fund, the Independent Analysis of the Hydroscope Technology, and the Resource Based or Unified Source Water Protection Project, and continued participation in the Syracuse EFC's Public Management and Finance Program (PMFP). This participation allows the NM EFC to try new training techniques, learn other approaches to training, and gain further insight into the needs and requirements of small, local governments. The NM EFC anticipates that its participation will allow it to expand this program into Region 6.



**California State University, Hayward
Environmental Finance Center - Region 9**

Executive Summary

The Environmental Finance Center in Region 9 (EFC9) works to encourage cleaner business, by advancing the environmental industry and promoting pollution prevention and source reduction. Throughout the past year EFC9 has undertaken a number of new and ongoing initiatives working with both the private and public sectors. Those projects include:

Brominated Flame Retardants and Electronics Conference and Roundtable. EPA Region 9 Pollution Prevention (P2) Team and the Solid Waste Section launched the Electronic Waste Initiative on Brominated Flame Retardants (BFRs). As a result of their work, EFC9 has become the primary contact for information on Brominated Flame Retardants in North America.

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Other BFR projects include a two-day, multi-stakeholder Roundtable to examine the use of Brominated Flame Retardants (BFRs) in consumer electronics; a review of how and why Japan has decided to phase out the use of BFRs in consumer products and whether that approach is applicable to the United States; and, BFRs and the foam furniture industry.

Arizona Green Business Program launch. EFC9 assisted EPA Region 9 in its efforts to serve state and local governments that are searching for new approaches to improve their business assistance and Pollution Prevention (P2) programs. In October 2002, EFC9 initiated this program by helping the State of Arizona launch their Green Business Program. The State will engage the interest and participation of the auto industry as their first target.

EFC9 Green Business Website/Clearinghouse. EFC9 launched a new effort to provide comprehensive Green Business Recognition Program (GBRP) information to new and existing programs. As a result, The EFC added a new component to its website – an information clearinghouse for GBRPs.

Region 9 Green Business Program Coordination. At the request of EPA Region 9, EFC9 will assume the role of Regional Green Business Program Coordinator to promote, develop and institutionalize multimedia pollution prevention and resource conservation in Region 9 businesses while ensuring consistent growth and continuity for regional Green Business Programs.



Boise State University Environmental Finance Center - Region 10

Executive Summary

The Environmental Finance Center at Boise State University adopted an amendment to its name – “Northwest” – to better describe its connection to Region 10 and the states of the Pacific Northwest and Intermountain West (NEFC). In 2002, the NEFC completed important work in the policy areas of Drinking Water and Wastewater System Capacity Building, Watershed Protection, Brownfields, and Superfund.

The NEFC devoted significant efforts in designing and testing drinking water system capacity assessment methodologies required by the Safe Drinking Water Act. As part of this effort, the NEFC has assisted states in improving institutional capacity and formulating and implementing drinking

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water program capacity development strategies. In addition, the ENEFC produced software to help local officials save time in tackling “how to pay” challenges. The NEFC developed two financial software programs, CAPFinance™, and Ratio8™, for use by local governments and water and wastewater utility systems to analyze the cost of system replacement and financial condition, respectively. The year 2002 also saw the initial development of RateCheckup™, the NEFC’s new water utility rate setting model. RateCheckup will incorporate features of CAPFinance (described above) and the NEFC’s water conservation cost-benefit model (a decision making tool developed by the Center and co-funded by the Washington Department of Health’s Drinking Water Program).

With regard to watershed protection, the NEFC provided watershed funding workshops to assist local communities in finding creative funding solutions to support their own plans for environmental protection. As part of this effort, the NEFC began creating an on-line, searchable database for watershed restoration funding. Due to the lack of affordable Internet in many areas, the NEFC developed an up to date CD-ROM version of the Directory. The NEFC is discussing potential collaborations with the EFC at the University of Maryland and the EFC at the University of North Carolina at Chapel Hill as well as the US Army Corps of Engineers in Illinois to expand the database to include additional state resources. For the near future, the NEFC will establish a toll free customer service capability to provide one-on-one technical assistance via Internet, email, and telephone. In addition, the NEFC will establish performance measures that can be used to evaluate the utility of this approach for possible permanent establishment for Region 10.